

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-78612; File No. SR-MIAX-2016-29)

August 18, 2016

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rules 803 and 1308

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 12, 2016, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend Exchange Rule 803, Audits; and Exchange Rule 1308, Supervision of Accounts, to adopt new Interpretations and Policies .01 to each existing rule regarding the submission of annual reports.

The text of the proposed rule change is available on the Exchange’s website at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX’s principal office, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Exchange Rule 803, Audits, to adopt new Interpretations and Policies .01 to state that Members must now file annual reports electronically with the Exchange by utilizing the system or software prescribed by the Exchange which will be announced via Regulatory Circular. Additionally, the Exchange proposes to amend Exchange Rule 1308, Supervision of Accounts, to adopt new Interpretations and Policies .01 to state that Members required to file an annual report under paragraph (g) of Rule 1308 must now file such report electronically with the Exchange by utilizing the system or software prescribed by the Exchange which will be announced via Regulatory Circular.

The Exchange has a Regulatory Services Agreement (“RSA”) with the Financial Industry Regulatory Authority, Inc. (“FINRA”). FINRA provides its members, and the members of exchanges for which it provides regulatory services, access to its Firm Gateway system, which is a portal that provides consolidated access to various FINRA regulatory systems. As part of the RSA, FINRA will collect reports on behalf of the Exchange and provide a report to the Exchange indicating which Firms have submitted an annual audit report. Additionally, FINRA has a process in place to provide specific annual audit reports to the Exchange upon request.

The FINRA Firm Gateway is available to Members<sup>3</sup> of the Exchange for the submission of various regulatory filings, including certain filings such as the Annual Supervision Report and the Annual Audit Report. The Exchange intends to require Members that are required to submit these reports to the Exchange to submit them to FINRA through the Firm Gateway system and announce this to Members via Regulatory Circular as stated in the proposed amended rules.

Therefore the Exchange proposes to adopt Interpretations and Policies .01 to Rule 803 to state that reports must be filed electronically with the Exchange utilizing the system or software prescribed by the Exchange. Additionally, the Exchange proposes to adopt Interpretations and Policies .01 to Rule 1308 to state that if a Member is required to file a report, that such report must be filed electronically with the Exchange utilizing the system or software prescribed by the Exchange.

The Exchange believes that requiring Members to submit annual reports directly into the system of the Exchange's regulatory services provider will provide for a more efficient and effective process for the collection, tracking, consolidation, and review of Members' annual reports.

## 2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>5</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating

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<sup>3</sup> The term "Member" means an individual organization approved to exercise trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>6</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed rule change will create a more efficient and effective process for the Exchange's Members to submit annual reports to the Exchange, which fosters cooperation and coordination with FINRA in its performance of regulatory services with respect to the Exchange and Exchange Members. By enhancing the process through which the Exchange (through its regulatory services provider) receives annual reports, the Exchange believes the proposed rule changes will promote just and equitable principles of trade and ultimately protect investors. Additionally, upon implementation, all Members that are required to submit annual reports will be required to submit them in the same (and thus nondiscriminatory) electronic manner.

Regulation of Members continues to be performed by electronic processes, and thus the Exchange believes it is appropriate to require electronic submission of these reports so that they may be incorporated into these processes. By maintaining the flexibility within the rules for the Exchange to prescribe by Regulatory Circular which system or software will be used for the submission of annual reports, the Exchange believes it will be able to adjust, as necessary, the required manner of reporting by Members, particularly to the extent that new or enhanced software or systems are developed for this purpose.

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<sup>6</sup> Id.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change requires all Members that are required to submit annual reports to submit those reports electronically in the same manner.

The Exchange believes the proposed rule change will not impose any burden on intra-market competition because it applies equally to all Exchange Members with reporting obligations.

The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition as the proposed rule change is for regulatory purposes to enhance the process for Member's submission and the Exchange's collection, tracking, consolidation, and review of annual reports.

The Exchange believes that the proposed change is not controversial and does not impose any significant burden on the Exchange's Members. All Exchange Members have access to the FINRA Firm Gateway system and there is no additional financial cost to file the required reports electronically through this system. Additionally, the majority of Members of the Exchange are also Members of FINRA and use the FINRA Firm Gateway system on a regular basis.

Therefore, the Exchange believes that any burden that the proposed rule change may impose on Members will be minimal. The Exchange believes any burden is outweighed by the benefits of electronic filing, which include a more efficient and effective process for the Exchange (through its regulatory services provider) to collect, track, and consolidate annual reports. The Exchange believes that an electronic filing process is in its, and its Members', best interest.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act<sup>7</sup> and Rule 19b-4(f)(6)<sup>8</sup> thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2016-29 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2016-29. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer

to File Number SR-MIAX-2016-29, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Robert W. Errett  
Deputy Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).